

Message Text

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PAGE 01 RIO DE 02043 291211Z
ACTION XMB-04

INFO OCT-01 ARA-10 ISO-00 EB-08 COME-00 TRSE-00 AID-05
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FM AMCONSUL RIO DE JANEIRO
TO SECSTATE WASHDC 6185
INFO AMEMBASSY BRASILIA
AMCONSUL SAO PAULO

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E.O. 11652: N/A
TAGS: BEXP, EFIN, BR
SUBJECT: REQUEST FOR EXIMBANK ASSISTANCE ON HVDC PROJECT

REF: RIO 974

1. CONGEN RIO HAS FOLLOWED DEVELOPMENTS IN SUBJECT PROJECT (VALUED AT U.S. DOLS 350 MILLION) AND REMAINED IN CLOSE CONTACT WITH GE. IT NOW APPEARS FURNAS IS GOING AHEAD IN EVALUATING "UNSOLICITED" OFFERS AND NEGOTIATING WITH POTENTIAL SUPPLIERS. PRESS REPORTS INDICATE THAT CONSULTATIONS WITH ASEA ARE UNDER WAY. GE IS SPONSORING TECHNICAL SEMINAR ON HIHG-VOLTAGE TRANSMISSION AT FURNAS HEADQUARTERS ON MAY 11, AND EXPECTS TO BE INVITED FOR PRIVATE DISCUSSIONS AT THAT TIME. GE IS, HOWEVER, WORRIED AT REPORTS THAT DECISION MAY BE TAKEN QUICKLY, APPARENTLY DUE TO REPORTED ITAIPU CONSORTIUM DECISION TO PROCCD FIRST WITH NINE 50-CYCLE TURBINE/GENERATOR INSTALLATIONS (WHICH, BEING GEARED TO PARAGUAYAN CYCLAGE, WILL REQUIRE DIRECT-CURRENT TRANSMISSION TO BE ABLE TO INTERFACE WITH BRAZIL'S 60-CYCLE SYSTEM). MINISTER OF MINES AND ENERGY, UEKI, TOLD A HIGH GE OFFICIAL ON APRIL 15 THAT THE DECISION COULD BE TAKEN WITHIN 60

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DAYS, AND SEVERAL DAYS LATER ELECTROBRAS PRESIDENT MAGALHAES WAS QUOTED IN PRESS AS EXPECTING A DECISION ON HVDC WITHIN 40 DAYS.

2. BEARING IN MIND GE'S CONCERNS, E/C SECTION CHIEF SPOKE WITH ARMANDO AUGUSTO DO AMARAL, CHIEF OF FINANCE ADVISORY STAFF AT FURNAS, ON APRIL 28.

AMARAL HAD VISITED EXIM SEVERAL WEEKS AGO WITH FURNAS FINANCE DIRECTOR JORGE FREIRE TO DISCUSS ANGRA I PROGRAM, BUT ALSO CAME AWAY WITH GOOD IMPRESSION OF EXIM INTEREST IN HVDC PROJECT. (THEY WILL RETURN TO WASHINGTON ON MAY 3 TO SIGN LOAN EXTENSION FOR ANGRA I.) ASKED ABOUT PRESS REPORTS ON SPEED-UP OF HVDC DECISION, AMARAL SAID THINGS WERE STILL IN SOMEWHAT UNCERTAIN STAGE, SINCE NO OFFICIAL DECISION ON 50-CYCLE PRIORITY HAS BEEN MADE. HE NOTED ELECTROSUL (DISTRIBUTOR FOR STATES SOUTH OF PARANA) WANTED 60-CYCLE OUTPUT AT EARLIEST OPPORTUNITY AND WAS MAKING STRONG CASE. HE ATTRIBUTED PRESS REPORTS TO "TRIAL BALLOONS." HE SAID, IN ANY CASE, FURNAS WOULD NEED FAIRLY LONG TIME TO STUDY THE COMPETING HVDC SYSTEM. HE REITERATED THAT PACKAGES THEY HAD RECEIVED WERE UNSOLICITED AND THAT THEY WERE STILL RELAXED ON TIMING.

3. ON "ANTICIPATION" AC SYSTEM (REFTEL), WHICH NOW IN STAGE OF FINAL NEGOTIATIONS, AMARAL SAID HE AND FREIRE WOULD PROCEED TO EUROPE AFTER NEXT WEEK'S EXIM MEETING, AND WOULD REFINE THE FINANCING OFFERS. HE SAID EXIM'S RECENT PC ON THE "ANTICIPATION" PROJECT WAS WELCOM, AND GENERALLY RESPONSIVE TO FURNAS' NEEDS. HE WOULD NOT COMMENT ON COMPETITIVENESS.

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4. WE DISCUSSED AMARAL'S RESPONSES WITH GE, WHO WERE PLEASED THAT EXIM WAS IN POSITION TO SHOW ITS INTEREST IN SUPPORTING GE BID. GE WAS SURPRISED AND SKEPTICAL AT ASSERTIONS THAT HVDC PROJECT DECISION WAS NOT IMMINENT. THEIR SOURCES SAY THAT UEKI IS FORCING RAPID GOB DECISION TO BUILD 50-CYCLE PORTION OF ITAIPU FIRST, MAINLY TO PUSH HVDC SUPPLY TO EUROPEANS.

DEXTER

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Message Attributes

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Current Classification: UNCLASSIFIED
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Control Number: n/a
Copy: SINGLE
Draft Date: 28 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
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Disposition History: n/a
Disposition Reason:
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